

ASRS Refunds

On occasion, when ASRS has been overpaid or paid incorrectly they might do the correction on the Retirement side and then issue a check representing the Employee & Employer portion that is being refunded. Because ASRS has already done the adjustment in their system, we cannot simply do a deduction adjustment for ASRS because that would cause a double-entry on their side when you submit your ASRS file to them.

This will require a multi-step approach:

- Deposit the ASRS check to 001.000.0000.1982.
- Set up a new payroll vendor for ASRS Refunds.
- Create a new account offset
- Create a new deduction for refunding these instances
- Add deduction to employee with a Negative Amount
- Ensure that the credit invoice for this deduction is not attached to your Payroll Voucher
- Create adjusting JE

If you follow these instructions carefully, you will not encounter any problems.

- 1) Deposit the ASRS refund check to the treasurer, using account code 001.000.0000.1982
- 2) Set up a new vendor. Go into *Purchasing & Payables > Vendors > Vendor Maintenance* and add a new vendor record. You will never be writing any checks to this payee, so include the text "DO NOT PAY" in the vendor name. Check the box that identifies this vendor as a payroll vendor. You can use the district's address for the vendor address. This setup will allow us to easily spot the invoices that will be generated for the deduction refund.

3) Create a new account offset. This will help to make sure the General Ledger does not end up with any hanging liabilities after all steps are processed. This will be an exact account offset though, without using any question marks in the mask. Go to *General Ledger > Configuration > Account Offsets* and add a new offset called "ASRS Refund" and enter "001.000.0000.0224.000.000.0000".

4) Create a new deduction. This will be your "ASRS Refund" deduction that will ONLY be used when you receive a check from ASRS. Set the payee as your new "DO NOT PAY" vendor. The deduction type will be Deduction – TSA (Fed Tax Exempt). When defining the account offsets, set them as shown in the screen print below.

- a. If you have a W2 Box number selected on your regular ASRS Deductions, select the same box number on the Refund deduction also, so that the amount of the refund will be reflected in the annual total.

Add Deduction

Deduction Information

Name: ASRS Refund Category: Retirement

Payee: ASRS Refund DO NOT PAY Group ID:

Type: Deduction - TSA (Fed Tax Exempt) Report Code: ☒ Include on Check ☒ Supplemental Default

☐ Take deduction a single time on lump sum payroll

Accounting Information

Employee Liability Account Offset: ASRS Refund

Employer Liability Account Offset: ASRS Refund

Employer Expense Account Offset: ER Retirement Expense

W2 Information

Box Number: None

Box Code: State Postal Code:

State ID:

State ID Format:

W2 Description:

Deduction Lines | Deduction History

| Description | Amount | Percent | Maximum | ER Amount | ER Percent | ER Max. |
|-------------|--------|---------|---------|-----------|------------|---------|
| | | | | | | |

Maximum Basis

☒ Fiscal ☐ Calendar ☐ Lifetime

Bank for Deposit:

Mode: Add

☐ Close this dialog after update?

OK Cancel Help

5) Add the new deduction to the employee. When adding to the employee you will need to enter in negative amounts for the employer & employee portion totaling the amount of the refund check (i.e. one \$500.00 check splits to \$250.00 for Employee & \$250 for Employer). Once this is done you may process payroll. Verify that the employee is receiving the ASRS Refund.

After payroll is posted, the employee journal shows that the Federal and State Wage Basis are increased by the amount of the employee refund.

| Name | Deduction | Amount | Match | Wage Basis | EE Liability Account | ER Liability Account | Expense Account |
|--------------|-----------------------|------------|------------|------------|------------------------|------------------------|------------------------|
| Bandes, Jean | ARIZONA STATE TAX W/H | \$49.74 | \$0.00 | \$2,730.00 | 001.000.0000.0242.000. | 001.000.0000.0247.000. | 001.100.1000.6112.000. |
| Bandes, Jean | ASRS Refund | (\$250.00) | (\$250.00) | \$2,480.00 | 001.000.0000.0224.000. | 001.000.0000.0224.000. | 001.100.1000.6231.000. |
| Bandes, Jean | FED TAX W/H | \$497.35 | \$0.00 | \$2,730.00 | 001.000.0000.0241.000. | 001.000.0000.0247.000. | 001.100.1000.6112.000. |
| Bandes, Jean | FICA - MEDICARE | \$35.96 | \$35.96 | \$2,480.00 | 001.000.0000.0243.000. | 001.000.0000.0222.000. | 001.100.1000.6221.000. |
| Bandes, Jean | FICA - SOC SEC | \$153.76 | \$153.76 | \$2,480.00 | 001.000.0000.0243.000. | 001.000.0000.0222.000. | 001.100.1000.6221.000. |

6) After you've gone through all the steps on the payroll processing menu go into *Payroll > Payroll Processing > Invoice Processing*. Click Apply Selection and then locate any invoice for the "DO NOT PAY" Vendor. Once you find them, highlight them then go to *Actions > Suspend* to keep them from being selected on a voucher.

7) Create adjusting JE. Since you will never be processing the ASRS Refund invoice, you must create a JE to clear out the liability account, and reverse the revenue code that was used when depositing the warrant. If you have followed the previous steps exactly, this is the required journal entry. In the following example, the amount of the check from ASRS was \$500.00. \$250.00 was refunded to the employee, and \$250 is refunded to the district, and the appropriate expense account was credited when payroll ran.

| Account Code | Debit Amount | Credit Amount |
|-------------------|--------------|---------------|
| 001.000.0000.0224 | | (\$ 250.00) |
| 001.000.0000.0224 | | (\$ 250.00) |
| 001.000.0000.1982 | \$ 500.00 | |

8) **IMPORTANT:** Inactivate the Employee Deduction before your next payroll.

9) This procedure will not include the adjustment when you create your retirement records, nor will the credit amount be included on the ASRS warrants. When following this procedure, you will not be reporting any adjustments to ASRS, since the adjustment was initiated on their end. Using this method to return ASRS contributions will eliminate the need to prepare 1099-R forms.